

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2232 - SB 2401

March 6, 2016

SUMMARY OF BILL: Authorizes a general partnership to qualify for franchise and excise (F&E) job tax credits as if such partnership was subject to the F&E tax. Such tax credit is to be passed to a partner in the general partnership that is subject to the F&E tax and computed by the partner as a percentage of the total credit for the partnership based on the partner's percentage interest in the partnership. Establishes that this Act shall apply to tax years beginning on or after January 1, 2014, and to applications and business plans filed prior to, or on or after, the effective date of this Act (upon becoming a law).

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$1,500,000

Assumptions:

- The total number of businesses that would be entitled to F&E job tax credits, the total number of applicable jobs for which credits could be earned, and the total annual usage rate of such credits are unknown.
- However, based on information provided by the Department of Revenue, and assuming that five percent of F&E taxpayers are in general partnerships and that 85 percent of authorized tax credit is passed to partners in such partnerships, it is estimated that the recurring decrease in state revenue will exceed 1,500,000, beginning in FY 16-17.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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